

## Message Text

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ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 SP-02 EB-04 TRSE-00 NSC-05 NSCE-00  
INR-05 CIAE-00 L-01 EUR-08 /047 W  
-----121415Z 023043 /40  
R 121235Z FEB 77  
FM AMEMBASSY ALGIERS  
TO SECSTATE WASHDC 5895

C O N F I D E N T I A L SECTION 1 OF 2 ALGIERS 0366

LIMDIS

E.O. 11652: GDS  
TAGS: PFOR, AG, US  
SUBJECT: FAREWELL CALL ON PRESIDENT BOUMEDIENE

1. SUMMARY. AMBASSADOR PAYS FAREWELL CALL ON BOUMEDIENE.  
LATTER OPTIMISTIC ABOUT FUTURE OUR ECONOMIC RELATIONS, BUT  
EMPHASIZES ALGERIAN NEED FOR PROMPT DECISIONS ON LNG CONTRACTS.  
EXPRESSES HOPE NEW ADMINISTRATION WILL TAKE MORE POSITIVE  
STANCE TOWARDS THIRD WORLD THAN ITS PREDECESSOR DID.  
AMBASSADOR RAISED PRIVATE CLAIMS AND MUSTAFA RAIS ISSUES.  
WEARING AWAY AT THE ROCK. BOUMEDIENE RELAXED AND  
IN GOOD FORM. HE IS REMARKABLE FIGURE. AMBASSADOR HOPES NEW  
ADMINISTRATION WILL DEVELOP DIALOGUE WITH HIM.

2. WAS RECEIVED BY PRESIDENT BOUMEDIENE FOR FAREWELL CALL TWO  
HOURS AFTER MY ARRIVAL IN ALGIERS AFTERNOON FEBRUARY 9.  
PRESIDENT EXPRESSED SURPRISE AT MY SUDDEN DEPARTURE AND SAID  
HE REGRETTE IT PARTICULARLY BECAUSE I WAS FIRST AMERICAN  
AMBASSADOR TO SPEAK ARABIC (NOT ENTIRELY TRUE) AND HE HAD  
HOPED I WOULD STAY ANOTHER YEAR OR TWO. NEVERTHELESS HE  
REALIZED BEIRUT WAS AN IMPORTANT POST AND HE WISHED ME  
LUCK.

3. I TOLD HIM IT HAD NOT BEEN MY IDEA AND I HAD HOPED TO  
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REMAIN HERE ANOTHER YEAR. MATTER WAS OUT OF MY HANDS, HOWEVER.  
SAID I THOUGHT NEW TEAM IN WASHINGTON WELL AWARE OF ALGERIA'S  
IMPORTANCE AND BELIEVED HE WOULD FIND THE CARTER ADMINISTRA-  
TION GOOD TO WORK WITH. BOUMEDIENE ASKED WHO WOULD BE  
SUCCEEDING ME. I SAID THAT SORT OF INFORMATION WAS THE BEST  
KEPT SECRET IN WASHINGTON. HE SAID HE DEFINITELY PLANNED TO  
PROPOSE A NEW ALGERIAN AMBASSADOR TO WASHINGTON BEFORE THE

END OF THE MONTH.

4. WE DISCUSSED OUR ECONOMIC TIES AT SOME LENGTH. BOUMEDIENE SAID HE WAS OPTIMISTIC REGARDING FUTURE OF OUR RELATIONS BUT ALGERIANS ABSOLUTELY HAD TO KNOW THIS YEAR HOW MUCH GAS WE WERE GOING TO BUY. HE SAID JOKINGLY THAT PRESIDENT OF FPC SHOULD BE HANGED BECAUSE OF DELAYS IN APPROVAL OF CONTRACTS. ALGERIANS HAD SIGNED ANUMBER OF CONTRACTS WITH AMERICAN COMPANIES BUT ONLY TWO OF THEM WERE BEING IMPLEMENTED. OTHERS WRE IN STATE OF SUSPENSE BECAUSE THEY NOT APPROVED. AMERICANS NEED NOT WORRY ABOUT POLITICAL CONSEQUENCES OF NOT BUYING ALL THE GAS OUR COMPANIES HAD CONTRACTED FOR. IF WE DECIDED WE WANTED TO BUY ELSEWHERE, IT WAS OUR RIGHT TO DO SO AND THE ALGERIANS COULD ALSO LOOK FOR OTHER MARKETS. POINT WAS, HOWEVER, THAT THEY DESERVED AN ANSWER. THEY HAD PUT THEIR HAND IN OURS FOR WHICH HE HAD BEEN ROUNDLY CRITICIZED BY MANY PEOPLE, AND THEY NEEDED TO KNOW HOW FAR WE WERE PREPARED TO GO WITH THEM. THESE QUESTIONS HAD TO BE RESOLVED THIS YEAR AND THE GAS FROM ARZEW I HAD TO START FLOWING THIS YEAR. CONTINUING DELAYS WERE COSTING THE ALGERIANS MONEY. HE NOTED THAT ALGERIANS HAD AGREED TO DIVERT GAS SHIPMENTS FROM FRANCE AND ENGLAND TO THE U.S. TO HELP US WITH OUR CURRENT SHORTAGE AND NOTED THEY HAD NOT TRIED TO TAKE ADVANTAGE OF THE SITUATION TO INCREASE PRICES. HE SAID ALGERIANS WANTED TO MAINTAIN THEIR REPUTATION AS BUSINESSLIKE AND HONEST PEOPLE. THEY WANTED TO MAINTAIN THEIR CREDIT RATING AND THEY WANTED TO PAY THEIR DEBTS.

5. I SAID THAT FPC PROCEDURES WERE COMPLICATED BUT I HOPED NEW  
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ADMINISTRATION WOULD DO SOMETHING DYNAMIC TO BREAK THE LOGJAM. I NOTED THAT WE WERE NOW THE LARGEST CUSTOMER FOR ALGERIAN OIL. BOUMEDIENE SAID, YES, HE GATHERED WE HAD AN UNFAVORABLE TRADE BALANCE WITH ALGERIA. THIS WAS OF COURSE OFFSET TO SOME EXTENT BY THE INVISIBLES SUCH AS TECHNICAL STUDIES AND SALARIES OF EXPERTS. ALSO, THE FIGURES DID NOT REFLECT THE FACT THAT SOME FRENCH COMPANIES OPERATING HERE WERE ACTUALLY SUBSIDIARIES OF AMERICAN COMPANIES. IN ANY EVENT, HE THOUGHT THAT THE FUTURE OF ECONOMIC EXCHANGES BETWEEN US WAS VERY PROMISING, PARTICULARLY IN THE FIELD OF GAS. THERE WERE OTHER FIELDS THE ALGERIANS WANTED US TO ENTER, BUT SOME AMERICAN COMPANIES SEEMED TO BE WORKING WITH AN OUTDATED PHILOSOPHY. CATERPILLAR, FOR INSTANCE, REFUSED TO BUILD A TRACTOR FACTORY HERE BECAUSE IT WANTED A MONOPOLY ON THE TECHNOLOGY. YET, SUCH FACTORIES PRODUCED A PERMANENT AND IMPORTANT MARKET FOR SPARE PARTS AND INNUMERABLE ITEMS ALGERIANS WOULD NOT BE ABLE TO MANUFACTURE THEMSELVES AND WHICH WOULD GO INTO TRACTORS PRODUCED HERE OR INTO ANY OTHER INDUSTRIAL GOOD, SUCH AS THE TV SETS TO BE BUILT AT SIDI BEL ABBES. IN ANY EVENT, HE HOPED

IN THE FUTURE OUR UNFAVORABLE TRADE BALANCE WOULD BE REDRESSED.  
THE HE SMILED AND SAID PERHAPS WE COULD TRADE OUR DEFICIT  
OFF AGAINST THE FRENCH SURPLUS, AND REMARKED WRYLY THAT  
ALGERIA WAS HAVING MANY TROUBLES WITH THE FRENCH.

6. OUR POLITICAL RELATIONS WERE SOMETHING ELSE. HE DID NOT  
HAVE ANY SPECIFIC COMPLAINTS TO MAKE AT THE MOMENT  
BUT HE HAD ASKED SECRETARY KISSINGER WHEN HE FIRST CAME OUT  
HOW HE PROPOSED TO WORK WITH THE ARAB STATES. SECRETARY  
KISSINGER HAD SAID THAT THE AMERICANS WANTED TO WORK THROUGH  
STRONG, INDEPENDENT NATIONAL STATES. BOUMEDIENE HAD SAID IN  
THAT CASE HE WAS IN AGREEMENT. IN THE EVENT, AMERICAN POLICIES  
HAS NOT FOLLOWED THIS LINE (REFERENCE TO SAHARA PROBLEM). HE  
SENSED THERE WERE GOING TO BE CHANGES IN AMERICAN POLICIES  
TOWARD THE THIRD WORLD. HE GATHERED WE WERE EMERGING FROM  
OUR COLD WAR PSYCHOSIS AND WERE PREPARED TO TAKE A NEW LOOK  
AT PROBLEMS AND PROMISES OF THE DEVELOPING NATIONS. IF WE  
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DID SO, WE HAD MANY FIRENDS TO GAIN. HE SINCERELY HOPED SUCH  
A CHANGE WOULD BE FORTHCOMING.

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ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 SP-02 EB-04 TRSE-00 NSC-05 NSCE-00

INR-05 CIAE-00 L-01 EUR-08 /047 W

-----121415Z 023045 /40

R 121235Z FEB 77

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 5896

C O N F I D E N T I A L SECTION 2 OF 2 ALGIERS 0366

LIMDIS

7. I TOOK ADVANTAGE OF THE OCCASION TO RAISE AGAIN THE PROBLEMS OF AMERICAN PRIVATE CLAIMS AND THE MUSTAFA RAIS PROBLEM. BOUMEDIENE SEEMED UNAWARE OF THE PRIVATE CLAIMS AND SAID THAT ALGERIA DID NOT WANT TO OWE ANYTHING TO ANYONE AND WOULD PAY ALL ITS DEBTS. IF SOMEONE HAD A VALID CLAIM, UNDER ALGERIAN LAW IT SHOULD BE PAID. I EXPLAINED THAT A NUMBER OF THESE CLAIMS CONCERNED PERSONS OF DUAL NATIONALITY WHO HAD FRENCH AND AMERICAN CITIZENSHIP AND THE ALGERIANS HAD REFUSED TO CONSIDER THEIR CLAIMS. HE SAID THIS WAS A DIFFERENT CASE ENTIRELY; AFTER 130 YEARS OF FRENCH OCCUPANCY THEY WERE PAYING THE FRENCH, OR OTHER COLONIZERS HERE UNDER THEIR AEGIS, NOTHING. I SAID WE UNDERSTOOD THIS WAS ALGERIAN POSITION, BUT CLAIMS PROBLEM KEPT COMING UP. IT WAS IN OUR MUTUAL INTEREST TO SOLVE IT.

8. I SAID THERE WAS ANOTHER PROBLEM THAT WAS SIMPLER, AND THAT WAS THE MUSTAFA RAIS PROPERTY WHICH WE HAD PURCHASED IN 1947 AND WHICH HAD BEEN OCCUPIED BY THE ALGERIAN GOVERNMENT IN 1964. WE HAD PAID FOR THE PROPERTY AND OUR OWNERSHIP HAD BEEN RECOGNIZED AT THE TIME OF THE SEIZURE. WE HAD BEEN OFFERED COMPENSATION IN THE FORM OF ANOTHER PROPERTY OF EQUIVALENT  
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VALUE BUT UNFORTUNATELY ONE HAD NOT BEEN FOUND. THERE WAS AN EASY SOLUTION AT HAND. PROPERTY OF EQUIVALENT VALUE IN THE PROPOSED DIPLOMATIC ENCLAVE COULD BE PROVIDED TO US. BOUMEDIENE SAID THIS WAS A REASONABLE SOUNDING PROPOSITION WHICH SHOULD BE STUDIED. HE THOUGHT IT WAS SOMETHING TO BE WORKED OUT AT THE LEVEL OF THE MINISTRY OF FOREIGN AFFAIRS. (I PLAN TO TAKE THIS UP WITH MINISTRY AS A LAST PARTHIAN VOLLEY.)

9. COMMENT: BOUMEDIENE WAS RELAXED AND SEEMED IN GOOD FORM. HE MADE A NUMBER OF LITTLE JOKES AND WAS AS CONVIVIAL AS I HAVE EVER SEEN HIM. AS WE TALKED I KEPT THINKING OF HIS POOR PEASANT ORIGINS AND HOW, RUDE AND UNSOPHISTICATED AND WANTING TO KNOW MORE ABOUT THE WORLD, HE HAD TRAVELED TO STUDY IN BOTH TUNIS AND CAIRO, AND HOW FAR HE HAD COME SINCE THEN. HE IS NO CHARISMATIC LEADER, BUT HE IS A REMARKABLE FIGURE NEVERTHELESS. ALGERIA BY ITS DISCIPLINE, STRATEGIC POSITION, SIZE AND RESOURCES IS GOING TO PLAY A DOMINANT ROLE IN NORTH AFRICA, AND BOUMEDIENE DESERVES MUCH OF THE CREDIT FOR THE DISCIPLINE. I HOPE THE NEW ADMINISTRATION WILL FIND IT POSSIBLE TO ESTABLISH A DIALOGUE WITH HIM AND KEEP IT GOING. HE IS WORTH HAVING ON OUR SIDE.

PARKER

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009